

FOX RUN AT OAK GROVE OWNERS' ASSOCIATION, INC.

BYLAWS.

ARTICLE I

INTRODUCTORY PROVISIONS

Section 1 Name; Office. The name of the Association is Fox Run at Oak Grove Owners' Association. Inc., a Pennsylvania Non-Profit Corporation organized and existing under the laws of the Commonwealth of Pennsylvania ("Association"). The registered office of the Association shall be at Routes 1 and 100, Chadds Ford, Delaware County, Pennsylvania, but meetings of Owners and directors may be held at such places within the State of Pennsylvania as may be designated by the Board of Directors.

Section 2. Purpose. The purposes of the Association shall be in the words of the charter:

"To own real property and recreational facilities and to act as the legal entity by and through which the owners of Fox Run at Oak Grove, a residential development, exercise, administer and enforce their^ rights and duties as set forth and/or required by The Bylaws and Declaration of Covenants, Conditions and Restrictions for Fox Run at Oak Grove."

Section 3. Conveyance. Pursuant to the terms of the Declaration of Covenants, Conditions and Restrictions between Hunt Club Development Company, Inc., and the Association dated the 15th day of April, 1988, ("Declaration") a copy of which is marked Exhibit "A- and attached to these Bylaws, there will be conveyed to the Association the Common Areas referred to In the Declaration. Persons from time to time owning a Lot in Fox Run at Oak Grove shall be shareholders and members of the Association as set out hereinafter on the basis of one share for each Lot.

Section 4. Definitions. Capitalized terms used herein without definition shall have the meanings specified for such terms in the Declaration, or, if not defined therein, the meaning specified herein.

ARTICLE II
MEMBERSHIP

Section 1. Membership. Every Owner of a Lot in Fox Run at Oak Grove shall be a member -of the Association provided that any

such person or entity who holds such interest as mortgagee shall not be a member. Certificates of Membership shall be issued so that membership will be identical to the record title to each Lot. If more than one person or entity are in title to a Lot, The Lot Owners shall have the right to only a single membership.

Section 2. Transfer of Lot. Membership and the Certificate must be transferred with the record ownership of a Lot and all rights and obligations of the former Owner shall inure to the assignee, vendee, heir or devisee of an Owner. Upon receiving knowledge of the transfer of ownership of a Lot, the directors of the Association shall cause a certificate to be issued to the new Owner. In the event of a foreclosure sale, membership shall be transferred to the purchaser at the foreclosure sale. Upon passage of title to a Lot, the former Owner ceases to be a member of the Association.

Section 3. Suspension of Membership Rights. The rights and privileges of an Owner may be suspended by action of the Board of Directors as provided in Article II of the Declaration.

Section 4. One Vote Per Share. At all meetings of the Association, only one vote per share may be cast. When a certificate is held by joint tenants or tenants in common, all tenants must concur in voting, otherwise the vote shall not be counted.

Section 5. Membership Not Transferable. Membership in the Association is not transferable or assignable except upon passage of title to a Lot.

Section 6. Membership Certificates. Membership in the Association shall be evidenced by Share Certificates in such form and style as the Board of Directors may determine. The fact that the Association is a non-profit corporation shall be noted conspicuously on the face of each certificate. The certificates shall be signed by the President or Vice President and by the secretary or an assistant secretary, and shall bear the corporate seal.

ARTICLE III

MEETING OF MEMBERS

Section 1. Place. Meetings of the Owners shall be held at such place or places, within the State of Pennsylvania, as may from time to time be fixed by the Board of Directors.

Section 2. Date and Time: The regular annual meeting of the Owners shall be held during the month of May of each year at a time and place designated by the Directors. At such annual meetings, members of the Board of Directors shall be elected, and

such other business as may properly come before the meeting may be transacted.

Section 3. Special Meeting. Special meetings of the Owners may be called at any time by the President, or the Board of Directors, or by Owners entitled to cast at least ten (10) percent of all the votes of the entire membership. At any time, upon proper written request for a special meeting, it shall be the duty of the Secretary to fix the time of the meeting which shall be held not more than thirty (30) days after the receipt of the request. Business transacted at all special meetings shall be confined to the purposes stated in the call and matters germane thereto.

Section 4. Notice. Written notice of every meeting of the Owners stating the time, place and purpose thereof, shall be given by, or at the direction of the Secretary to each Owner of record entitled to vote at the meeting, at least five (5) days prior to the day named for the meeting, unless a greater period of notice is required by statute in a particular case. In the case of a special meeting, the notice shall specify the general nature of the business to be transacted.

Section 5. Quorum. A meeting of Owners duly called shall not be organized for the transaction of business unless a quorum is present. The presence at a meeting in person or by proxy of Owners entitled to cast at least one-third (1/3) of the votes of the Association shall constitute a quorum at all meetings of the Owners for the transaction of business. The Owners present at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of enough Owners to leave less than a quorum. If a meeting cannot be organized because a quorum has not attended, those present may, except as otherwise provided by statute, adjourn the meeting to such time and place as they may determine, but in the case of any meeting called for the election of directors, those who attend the second of such adjourned meetings, although less than a quorum, shall nevertheless constitute a quorum for the purpose of electing directors. In the case of any meeting called for any other purpose, those who attend the second of such adjourned meetings, although less than a quorum, shall nevertheless constitute a quorum for the purpose of acting upon any resolution or other matter set forth in the notice of the meeting, if written notice of such second adjourned meeting, stating that those Owners who attend shall constitute a quorum for the purpose of acting upon such resolution or other matter, is given to each Owner of record entitled to vote at such second adjourned meeting at least ten (10) days prior to the day named for the second adjourned meeting.

Section 6. Proxies. At all meetings of Owners, each Owner may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. No proxy shall extend beyond a period of eleven (11) months, and every proxy shall automatically cease upon sale by the Owner of such Owner's Lot.

Section 7. Registration. Each Owner shall register his address with the Secretary of the Association and may change the same from time to time as such Owner's address may change.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number and Term of Office. The affairs of the Association shall be managed by a Board of Directors, five (5) in number, who shall be natural persons of full age and who need not be Owners. The Directors shall be elected by the Owners at the annual meeting of members of the Association, and each director shall be elected for a term of one year and until his successors shall be elected and shall qualify.

Section 2. Removal by Members. Any director may be removed from office, with or without cause, by a majority vote of the Owners. In case the Board or any one or more directors are so removed, new directors may be elected at the same meeting.

Section 3. Declaration of Vacancy by Board. The Board of Directors may declare vacant the office of a director if he is declared of unsound mind by and Order of Court or is convicted of felony, or if within sixty (60) days after notice of his selection, he does not accept such office either in writing or by attending a meeting of the Board of Directors.

Section 4. Vacancies. Vacancies in the Board of Directors, other than vacancies created by removal by majority vote of the Owners, shall be filled by a majority of the remaining directors, though less than a quorum, until the next annual meeting.

Section 5. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nominations. Nominations for election to the Board of Directors shall be made by a Nominating Committee. i Nominations may also be made from the floor at the annual meeting. The Nominating 'Committee shall consist of a chairman, who shall be a member of the Board of Directors, and two or more

members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the members to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or nonmembers. The Nominating Committee must include the nomination of persons receiving at least ten (10) percent of association membership endorsement, such membership endorsement being provided through a petition presented to the Nominating Committee.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the Owners or their proxies may cast, in respect of each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI DIRECTORS' MEETING

Section 1. Regular Meeting. Regular meetings of the Board of Directors shall be held monthly at such times and at such place or places within the State of Pennsylvania as a majority of the directors may from time to time appoint, or as may be designated in the notice calling the meeting. Should said meeting fall on a legal holiday, then that meeting shall be held at the same time on the next day when it is not a legal holiday. Other regular meeting dates may be established from time to time by the Board of Directors.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association or by any two directors.

Section 3. Notice. Written or personal notice of every meeting of the Board of Directors shall be given to each director at least five (5) days prior to the day named for the meeting.

Section 4. Quorum; Action Taken Without a Meeting. A majority of the directors in office shall be necessary to constitute a quorum for the transaction of business and the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. Any action which may be taken at a meeting of the directors may be taken without a meeting, if a consent or consents in writing setting forth the action so taken shall be signed by all of the Directors in office and shall be filed with the secretary of the

corporation. Other provisions, such as waiver of notice, quorum and the like, shall be as set forth in the Pennsylvania Non-profit Corporation Law.

ARTICLE VII

POWERS AND DUTIES; MANAGING AGENT

Section 1. Powers and Duties. In addition to the powers and authorities by these By-Laws expressly conferred upon them, the Board of Directors may exercise all the powers of directors of a Pennsylvania non-profit corporation and do all such lawful acts and things necessary to administer and manage the business, operation and affairs of the Association as are not by statute or by the Articles, Declaration, or these By-Laws, directed or required to be exercised or done by the Owners. The directors may employ, on behalf of the Association, a "Managing Agent" at a compensation established by the directors. The Managing Agent shall perform such duties and services as the Directors shall authorize. The Directors may delegate to the Managing Agent all of the powers granted to the Board other than the following powers:

- (a) To adopt the annual budget or any amendment thereto, or to assess any special assessments;
- (b) To adopt, repeal, or amend Rules and Regulations;
- (c) To designate signatories on Association bank accounts;
- (d) To borrow money on behalf of the Association.

Section 2. Managing Agent. Any agreement for professional management of the Property on behalf of all Owners shall be written and state the duties, responsibilities and compensation of the Managing Agent. Each such agreement shall (i) be for an initial term of no longer than one (1) year, (ii) be renewable by the parties for renewal terms of not longer than one (1) year each, (iii) be terminable by either party for cause (and without payment of any termination fee) upon thirty (30) days written notice, and (iv) be terminable by either party without cause (and without payment of any termination fees) upon ninety (90) days or less written notice. Any such agreement shall provide that, except in emergency situations which threaten immediate injury or damage to persons or property, the Board of Directors must authorize or approve, prior to payment, all expenditures in excess of Two Hundred Fifty (\$250.00) Dollars made by the Managing Agent and not specifically authorized by an approved budget.

ARTICLE VIII

OFFICERS

Section 1. Enumeration of Officers. The officers of the corporation shall be a President, Vice-President, Secretary Treasurer, and such other officers and assistant officers as the needs of the corporation may require. The President and Vice-president shall be members of the Board of Directors, but the other two officers need not be.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Association.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Removal. Any officer or agent may be removed by the Board of Directors whenever in its judgment the best interest of the Association will be served thereby.

Section 5. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 6. Duties. The duties of the officers are as follows:

(a) President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Owners and Directors and shall have general and active management of the affairs of the Association. He shall see that all orders and resolutions of the Board are carried into effect, subject, however, to the rights of the directors to delegate any specific powers, except such as may be by statute exclusively conferred on the President, to any other officer or officers of the Association. He shall execute all contracts and other documents requiring a seal, under the seal of the Association. He shall be EX OFFICIO a member of all committees and shall have the general powers and duties of supervision and management usually vested in the office of President.

(b) Vice President. The Vice President shall act in all cases for and as the President in the latter's absence or incapacity, and shall perform such other duties as he may be required to do from time to time.

(c) Secretary. The Secretary shall be an Ex-Officio member of the Board of Directors, and shall attend all sessions of the Board and all meetings of the Owners and shall act as clerk thereof, and record all of the votes of the Association and the minutes of all its transactions in a book to be kept for that purpose. He shall perform like duties for all committees of the Board when required. He shall give, or cause to be given, notice of all meetings of the Owners and of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be. He shall keep in safe custody the corporate seal of the Association, and when authorized by the Board, affix the same to any instrument requiring it. He shall sign all certificates of membership. He shall keep the records of the Association. He shall record in a book kept for that purpose, the names of all members of the Association together with their addresses as registered by such members.

Section 7. Treasurer. Treasurer shall receive and deposit in appropriate bank accounts, all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors. Resolutions shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board. The Treasurer shall sign all checks, notes, leases, mortgages, deeds and other written instruments as provided herein as well as notes of the Association, provided that such checks and notes shall also be signed by the President or the Vice-President. The Treasurer shall keep proper books of account and cause an annual audit of the Association books to be made by an independent accountant within ninety (90) days after the end of each fiscal year covered by an annual budget. He shall prepare an annual budget and an annual balance sheet statement and the budget and balance sheet statement and the annual report prepared by the independent accountant shall be presented to the membership at its regular annual meeting.

ARTICLE IX COMMITTEES

Section 1. The Directors shall appoint an Architectural Control Committee as provided in the Declaration and a Nominating Committee as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X BOOKS AND RECORDS

Section 1. Maintenance of Records. The Association shall " keep minutes of all meetings of the Owners and the directors, and

the original of its Bylaws, including all amendments thereto to date, certified by the Secretary of the Association, and a membership register, giving the names of the members, showing their respective addresses and other details of the membership of each. The Association shall also keep appropriate, complete and accurate books and records of account. The records provided for herein shall be kept at either the registered office of the corporation in this Commonwealth, or at such other location as the Board of Directors shall designate.

Section 2. Inspection. Every Owner shall, upon written demand under oath stating the purpose thereof have a right to examine, during the usual hours for business for any proper purpose, the membership register, the books and records of account, and records of the Proceedings of the minutes and records of the proceedings of the Owners and directors and to make copies or extracts thereof. A proper purpose shall mean a purpose reasonably related to the interest of such person as a member. The demand under oath shall be directed to the Association at its registered office in the State of Pennsylvania or at such location as the Board of Directors shall designate.

ARTICLE XI

ASSESSMENTS

Section 1. Fiscal Year. The fiscal year of the Association shall be the calendar, unless otherwise determined by the Board of Directors.

Section 2. Preparation of Annual Budget. On or before the fifteenth (15th) day of November of each year, the Board of Directors shall adopt an annual budget for the Association containing an estimate of the total amount considered necessary to pay (i) the cost of maintenance, management, operation, repair and replacement of the Common Area; and (ii) the cost of exterior maintenance to the Lots and Townhouses as provided in the Declaration; and (iii) the cost of wages, materials, insurance premiums, services, supplies and other expenses which will be required during the following fiscal year for the administration, operation, maintenance and repair of the Common Area, and the Lots and Townhouses, as limited by the Declaration, and the rendering to the Owners of all related services. To the extent that the assessments and other cash income, if any, collected from Owners during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficit, as the case may be, shall also be taken into account. Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. On or before the twentieth (20th) day of November, the directors shall make the budget available for inspection at

the Associations office and, within three (3) business days of such adoption, shall send a copy thereof to each Owner in a reasonably itemized form that sets forth the amount of the expenses. The budget shall constitute the basis for determining each Owner's assessment for expenses of the Association, and shall automatically take effect at the beginning of the fiscal year for which it is adopted. The Board of Directors shall make reasonable efforts to meet the deadlines hereinbefore set forth, but compliance with such deadlines shall not be a condition precedent to the effectiveness of any budget.

Section 3. Reserves; Special Assessments. The Board of Directors shall build up and maintain reasonable reserves for working capital, operations, contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year may be charged first against such reserves. If the reserves are deemed to be inadequate for any reason, including non-payment of any Owner's assessment, the directors may, at any time, adjust the budget and levy special assessments which shall be assessed against the Owners and shall be payable in one or more monthly assessments as the directors may determine. The Board of Directors shall serve notice on all Owners of any special assessments by a statement in writing giving the amount and reasons therefore and such special assessment shall, unless otherwise specified in the notice, become effective with the next monthly assessment which is due more than thirty (30) days after the delivery of such notice.

Section 4. Effect of Failure to Prepare or Adopt a Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay his or her assessment and, in the absence of any annual budget or adjusted budget, each Owner shall continue to pay each monthly assessment at the rate established for the previous fiscal year until a new annual or adjusted budget shall have been adopted.

Section 5. Payment of Annual and Special Assessments. Each Owner shall pay the assessments levied by the Board of Directors pursuant to the Declaration and these Bylaws. No Owner may exempt himself from liability for the payment of assessments by waiver of the use or enjoyment of any of the Common Area or abandonment of such Owner's Lot, and such liability shall not be abated due to any interruption in the delivery of services to the Owner or for any other reason except as specifically set forth in the Declaration or these Bylaws.

ARTICLE XII
CORPORATE SEAL

The Association seal shall have inscribed thereon the name of the corporation, the year of its organization, and the words "Corporate Seal Pennsylvania".

ARTICLE XIII
AMENDMENTS

These Bylaws may be adopted, amended or repealed by the vote of Owners entitled to cast at least a sixty-seven (67) percent of the votes of the Association; provided, however, if such amendment shall make any change that would have a material effect upon any of the rights, privileges, and powers of West Whiteland Township or the Declarant, such amendment shall require the joinder of West Whiteland Township or Declarant as the case may be. Additionally, if any amendment is necessary in the judgment of the Board of Directors to cure any ambiguity or to correct or supplement any provision of these Bylaws that is defective, missing or inconsistent with any other provision hereof, or the Declaration, or if such amendment is necessary to conform to the requirements of FNMA or FHLMC or their respective successors, with respect to PUDs, then at any time and from time to time the Board of Directors may effect an appropriate corrective amendment without the approval of Owners or the holders of any liens on all or any part of the Property, upon receipt by the Board of Directors of an opinion from independent legal counsel to the effect that the proposed amendment is permitted by the terms of this sentence. Each amendment of these Bylaws shall be effective upon its due adoption as aforesaid.

ARTICLE XIV
LIMITATION OF LIABILITY

Section 1. Limited Liability of the Board of Directors.
The Board of Directors, and its members in their capacity as members or officers or both:

(a) shall not be liable for the failure of any service to be obtained by the Board of Directors and paid for by the Association, or for injury or damage to persons or property caused by the elements or by another Owner or person on the Property, unless such injury or damage has been caused by the wilfull misconduct or gross negligence of the person or person so held liable;

(b) shall not be liable to the Owners for any mistake of judgment, negligence or otherwise, in the performance of the Board member's duties, except for the Board member's own wilfull misconduct or gross negligence;

(c) shall have no personal liability in contract to an Owner or any other person or entity under any agreement, check, contract, deed, lease, mortgage, instrument or transaction entered into by them on behalf of the Board of Directors or Association in the performance of the Board of Directors member's duties;

(d) shall not be liable to an Owner, or such Owner's tenants, employees, agents, customers or guests for loss or damage caused by theft of or damage to personal property left by such Owner or his tenants, employees, agents, customers or guests in a Townhouse, or in or on a Lot or the Common Area, except for the Board of Directors member's own wilfull misconduct or gross negligence;

(e) shall have no personal liability in tort to an Owner or any other person or entity, direct or imputed, by virtue of acts performed by or for them, except for the Board of Directors member's own wilfull misconduct or gross negligence in the performance of their duty;

(f) shall have no personal liability arising out of the use, misuse, or condition of any improvements on the Property, or that might in any other way be assessed or imputed to the Board of Directors member's as a result of or by virtue of their performance of their duties, except for the Board of Directors member's own wilfull misconduct or gross negligence.

Section 2. Indemnification. Neither the directors nor officers of the corporation shall be personally liable for the debts, liabilities or obligations of the corporation. The corporation shall indemnify its directors and officers against expenses reasonably incurred by them in connection with the defense of any action to which they are made parties by reason of being or having been directors or officers if such directors or officers acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interest of the corporation. Such indemnification shall not be deemed exclusive of any other rights to which they may be entitled under any Bylaw, agreement, vote of members or otherwise.

The corporation may purchase and maintain insurance for the purpose of indemnification on behalf of directors and officers to the full extent permitted pursuant to the Pennsylvania Non-Profit Corporation Law.

Section 3. Directors' Liability Act. Anything hereinbefore to the contrary notwithstanding, pursuant to the Directors' Liability Act, Title 42 of the Pennsylvania Consolidated Statutes, House Bill No. 2072, session of 1986 (the Act), Sections 8361 et seq., the Directors of the Association shall not

failure to take any action, unless:

- (a) the Director has breached or failed to perform the duties of his office under section 8363 of the Act; and
- (b) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness, the aforementioned being subject, however, to the exceptions set forth in Section 8364(b) of the Act.

This Section 3 of Article XIV of the By-Laws is intended (i) to be in conformity with Sections 8361 et seq. of the Act, and (ii) to provide the Directors with the protection extended to Directors by the Act. This provision shall be deemed to include amendments to the Act to allow the Directors to avail themselves of any additional benefit or protection which may hereinafter become available under the Act, as amended, to corporate directors.

ARTICLE XV MISCELLANEOUS

Section 1. Transaction of Business. The corporation shall not sell or mortgage or otherwise dispose of all or any part of its real property unless permitted under the ordinances of West Whiteland Township and unless authorized by a vote of two-thirds (2/3) of the Owners and provided that such sale or other disposition shall not violate the Deed restrictions against subdivisions. Whenever the lawful activities of the Corporation involve among other things the charging of fees or prices for its services, it shall have the right to receive such income and, in so doing, may make an incidental profit. All such incidental profits shall be applied to the maintenance and operation of the lawful activities of the Association, and in no case shall be divided or distributed in any manner whatsoever among the Owners, directors or officers of the corporation. All checks or demands for money and notes of the Association shall be signed by such officer or officers as the Board of Directors may from time to time designate.

Section 2. Notices. Whenever written notice is required to be given to any person, it may be given to such person, either personally or by sending a copy thereof by first class mail, postage prepaid, or by telegram, charges prepaid, to his address appearing on the books of the Association, or, in the case of Directors, supplied by him to the Association for the purpose of notice. If the notice is sent by mail or by telegraph, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a telegraph office for transmission to such person. A notice of meeting shall

specify the place, day and hour of the meeting and any other information required by statute or these Bylaws. When a special meeting is adjourned it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting of which such adjournment is taken. Whenever any written notice is required to be given under the provisions of the statute or the Articles or Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 3. Rules and Regulations. The Board of Directors shall adopt, from time to time. Rules and Regulations for the use and operation of the Property. Copies thereof shall be delivered to all Owners and upon amendment, said amendment shall be promptly delivered to all Owners. The Rules and Regulations, as the same may be amended from time to time, shall be binding upon all Owners, occupants, lessees, users, guests, heirs, successors, personal representatives and assigns. The acceptance of a deed or lease or the act of occupancy or use of a Lot shall constitute an agreement to be subject to and be bound by the Rules and Regulations. The Rules and Regulations are attached hereto, made a part hereof and marked Exhibit "B".

Section 4. Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 5. Annual Report. The Board of Directors shall present annually to the Owners an audited statement of all assets and liabilities prepared by a certified public accountant. This report shall be filed with the minutes of the meeting of the Owners.

IN WITNESS WHEREOF, we, being all of the Directors of the Fox Run at Oak Grove Owners' Association, have hereunto set our hands and seals this 15th day of April, 1988.

David B. Whitehead
Vice President

Mary E. Wentz
Secretary